

Message Text

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PAGE 01 PEKING 01007 180919Z

ACTION EA-09

INFO OCT-01 ISO-00 PA-01 PRS-01 CU-02 ERDA-05 AID-05

CEA-01 CIAE-00 COME-00 EPG-02 DODE-00 EB-07

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 OES-07 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 FEA-01 /103 W

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R 180900Z MAY 77

FM USLO PEKING

TO SECSTATE WASHDC 7824

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ECON, CH

SUBJ: LOYANG'S BASIC INDUSTRIES

REF: HONG KONG 5414

1. AN ARTICLE ENTITLED "PAY SPECIAL ATTENTION TO THOSE BASIC INDUSTRIES" IN THE MAY 14 "PEOPLES'S DAILY," FOCUSES ON PRODUCTION PROBLEMS IN 1976 IN LOYANG'S BASIC INDUSTRIES, WHICH ARE DEFINED AS THOSE HAVING NATIONWIDE ECONOMIC IMPORTANCE. ACCORDING TO THE ARTICLE, BASIC INDUSTRIES CONSTITUTE MORE THAN 50 PERCENT OF LOYANG'S TOTAL INDUSTRIAL OUTPUT.

2. THE ARTICLE STATES THAT 1972 WITNESSED THE HIGHEST PRODUCTION LEVELS FOR LOYANG'S BIG INDUSTRIES AND THAT PRODUCTION IN 1975 WAS NEAR THIS HISTORIC HIGH. IN 1976, ELEVEN OF THE CITY'S TWELVE LARGE SCALE, STATE-RUN INDUSTRIES HALTED OR SLOWED PRODUCTION, WITH THE RESULT THAT OUTPUT WAS SET BACK TO MID-1960'S LEVELS. USLO OFFICERS VISITING LOYANG IN DECEMBER AND FEBRUARY WERE TOLD THAT THEY COULD NOT VISIT ANY LARGE STATE-OWNED PLANTS THERE, BUT ONLY MEDIUM ENTERPRISES. IN PARTICULAR, THEY WERE TOLD THAT THEY

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COULD NOT VISIT THE LOYANG TUNG FANG HUNG TRACTOR FACTORY BECAUSE IT WAS "CLOSED FOR THE NEW YEAR FESTIVAL" ON DECEMBER 29, AND BECAUSE OF "PREPARATIONS FOR THE TACHING CONFERENCE" IN FEBRUARY. IT IS NOT SURPRISING TO LEARN FROM THE ARTICLE THAT THE FACTORY PRODUCED ONLY ONE-FOURTH OF ITS ANNUAL PLAN IN 1976.

3. THE ARTICLE STATES THAT PRODUCTION IS RECOVERING NOW THAT THE

CITY PARTY COMMITTEE IS TAKING CHARGE AND GIVING SPECIAL ATTENTION TO BASIC INDUSTRIES. "SEVERAL" BASIC INDUSTRIES ARE SAID TO HAVE OVER-FULFILLED THE PLAN BETWEEN FEBRUARY AND APRIL. PRODUCTION FROM THE "EAST IS RED" TRACTOR FACTORY DURING JANUARY - APRIL IS FOUR TIMES THAT OF THE SAME PERIOD LAST YEAR.

4. COMMENT: THIS ARTICLE TELLS US MORE ABOUT PRODUCTION PROBLEMS IN 1976 THAN PERFORMANCE TO DATE THIS YEAR. LAST YEAR'S PROBLEMS WERE SEVERE. THE SITUATION SEEMS TO HAVE IMPROVED SOMEWHAT BUT FULL RECOVERY SEEMS SOME DISTANCE AWAY.
DEAN

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Message Attributes

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